

**Agreed-Upon Procedures for
Subcontract Number S800603,
Prime Contract Number TIRNO-99-D-00001**

August 2003

Reference Number: 2003-1C-168

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 25, 2003

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

FROM: Daniel R. Devlin
Assistant Inspector General for Audit (Headquarters Operations
and Exempt Organizations Programs)

SUBJECT: Agreed-Upon Procedures for Subcontract Number S800603,
Prime Contract Number TIRNO-99-D-00001
(Audit #200310002.042)

In response to your request, the Defense Contract Audit Agency (DCAA) applied agreed-upon procedures to verify costs incurred by the subcontractor, under subcontract number S800603 (originally 802798), under prime contract number TIRNO-99-D-00001 from April 1, 1999, through March 31, 2000. The purpose of the engagement was to determine whether the accounting records adequately support the subcontractor's claimed costs on Government contracts. The report pertains only to the performance of agreed-upon procedures. The DCAA did not perform an examination and, therefore, does not express an opinion.

The DCAA disclosed that the subcontractor's claimed costs are based on fixed labor rates for the time and materials contract multiplied by labor hours expended on the contract plus travel costs. The DCAA verified the labor rates and hours and found no exceptions. Additionally, the DCAA verified the subcontractor's travel costs to the subcontractor's books and records.

The information in this report should not be used for purposes other than those intended without prior consultation with the Treasury Inspector General for Tax Administration regarding their applicability.

If you have any questions, please contact me at (202) 622-8500 or John R. Wright, Director at (202) 927-7077.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 U.S.C. §1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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